

**FURTHER INFORMATION ABOUT OUR GROUP****1. Incorporation**

We were incorporated in the Cayman Islands under the Cayman Islands Companies Law as an exempted company on 29 May 2007. We have established a principal place of business in Hong Kong at Flat F, 6th Floor, Mai Kei Industrial Building, No. 5 San Hop Lane, Tuen Mun, New Territories, Hong Kong and was registered as an overseas company in Hong Kong under Part XI of the Companies Ordinance on 9 October 2007. Mr. Ching Chi Fai and Ms. Chan Wing, both are executive Directors and Ms. Chan Wing also being the company secretary, have been appointed as the authorised representatives of our Company for the acceptance of service of process in Hong Kong. As we were incorporated in the Cayman Islands, we operate subject to the Cayman Islands laws and to the Memorandum and the Articles. A summary of certain parts of the Memorandum and the Articles and relevant aspects of the Cayman Islands companies law is set forth in Appendix V to this prospectus.

**2. Changes in share capital**

- (a) Our authorised share capital as at the date of the incorporation was HK\$360,000 divided into 36,000,000 shares of HK\$0.01 each. We allotted and issued one Share fully paid at par to Mapcal Limited (the “**Cayman Agent**”) on 29 May 2007.
- (b) On 15 June 2007, the Cayman Agent transferred one Share to Prosper Well and one new Share was allotted and issued fully paid at par to Pacific Plus.
- (c) On 5 October 2007, the then Shareholders resolved to increase our authorised share capital from HK\$360,000 to HK\$100,000,000 by the creation of an additional of 9,964,000,000 Shares.
- (d) On 5 October 2007, in consideration of the acquisition by us of the entire issued share capital of Ming Fai Holdings as to 46%, 46% and 8% from Mr. Ching Chi Fai, Mr. Ching Chau Chung and Mr. Ching Chi Keung respectively, we allotted and issued 43,419,999 Shares, 40,419,999 Shares, 10,520,000 Shares and 5,640,000 Shares to Prosper Well, Pacific Plus, Targetwise and Favour Power respectively, all credited as fully paid.
- (e) Assuming that the Share Offer becomes unconditional and the Share Offer and the Capitalisation Issue are duly completed, our authorised share capital will be HK\$100,000,000 divided into 10,000,000,000 Shares and the issued share capital (taking no account of any Shares which may be issued upon the exercise of the Over-allotment Option or any Shares that may be granted under the Share Option Scheme) of our Company will be HK\$6,000,000 divided into 600,000,000 Shares, all fully paid or credited as fully paid. Apart from the issue of Shares under the Over-allotment Option and the Share Option Scheme, there is no present intention

to issue any part of our authorised but unissued share capital and, without the prior approval of the Shareholders in general meeting, no issue of Shares will be made which would effectively alter the control of our Company.

Save as aforesaid and as mentioned in the paragraph headed “Written resolutions of the Shareholders” below, there has been no alteration in our share capital since its incorporation.

### 3. Written resolutions of the Shareholders

Pursuant to the written resolutions of the Shareholders dated 5 October 2007:

- (a) our Company approved and adopted the existing Memorandum of Association and Articles;
- (b) the authorised share capital of our Company was increased from HK\$360,000 to HK\$100,000,000 by the creation of an additional 9,964,000,000 Shares to rank *pari passu* with the existing Shares in all respects;
- (c) conditional on the same conditions as stated in the section headed “Structure of the Share Offer – Conditions of the Hong Kong Public Offer” in this prospectus:
  - (i) the Share Offer (including the Over-allotment Option) was approved and the Directors were authorised to allot and issue the Offer Shares (including any Shares which may be required to be issued if the Over-allotment Option is exercised);
  - (ii) the rules of the Share Option Scheme were approved and adopted and the Directors were authorised to grant options to subscribe for Shares thereunder and to allot and issue Shares pursuant thereto and to take all such steps as they consider necessary or desirable to implement the Share Option Scheme; and
  - (iii) subject to the share premium account of our Company being credited as a result of the issue of the Offer Shares pursuant to the Share Offer, the Directors were authorised to allot and issue a total of 350,000,000 Shares credited as fully paid at par to the holders of the Shares on the register of members of our Company (as they may direct) at the close of business on 10 October 2007 (as they may direct) in proportion to their respective shareholdings (save that no shareholder shall be entitled to be allotted or issued any fraction of a Share) by way of capitalisation of the sum of HK\$3,500,000 standing to the credit of the share premium account of our Company, and the Shares to be allotted and issued pursuant to this resolution shall rank *pari passu* in all respects with the then existing issued Shares;

- (d) a general unconditional mandate was given to the Directors to exercise all the powers of our Company to allot, issue and deal with (otherwise than by way of rights issues, scrip dividend or an issue of Shares upon the exercise of any subscription rights attached to any warrants of our Company or pursuant to the exercise of the options which may be granted under the Share Option Scheme or other similar arrangements) Shares with an aggregate nominal value not exceeding the sum of:
- (i) 20% of the aggregate nominal value of the share capital of our Company in issue and to be issued pursuant to the Share Offer and the Capitalisation Issue (excluding Shares which may be issued pursuant to the exercise of the Over-allotment Option and the Share Option Scheme); and
  - (ii) the aggregate nominal amount of Shares repurchased under the authority granted to the Directors as referred to in paragraph (e) below,

until the conclusion of the next annual general meeting of our Company, the expiration of the period within which the next annual general meeting of our Company is required by the Articles or any applicable law to be held, or the revocation, variation or renewal by an ordinary resolution of the Shareholders in a general meeting, whichever is the earliest; and

- (e) a general unconditional mandate was given to the Directors authorising them to exercise all powers of our Company to repurchase on the Stock Exchange, or on any other stock exchange on which the securities of our Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, Shares with an aggregate nominal value not exceeding 10% of the aggregate nominal amount of the share capital of our Company in issue and to be issued pursuant to the Share Offer and the Capitalisation Issue (excluding Shares which may be issued pursuant to the exercise of the Over-allotment Option and the Share Option Scheme), until the conclusion of the next annual general meeting of our Company, the expiration of the period within which the next annual general meeting of our Company is required by the Articles or any applicable law to be held, or the revocation, variation or renewal by an ordinary resolution of the Shareholders in a general meeting, whichever is the earliest.

#### 4. Reorganisation

We and our subsidiaries underwent a reorganisation in preparation for the listing of the Shares on the Stock Exchange. Following the Reorganisation, our Company became the holding company. The Reorganisation involved the following:

*Incorporation and reorganisation of our Company*

- (a) We were incorporated on 29 May 2007.
- (b) On 29 May 2007, one Share was allotted and issued fully paid to the Cayman Agent.
- (c) On 15 June 2007, the Cayman Agent transferred one Share to Prosper Well and one new Share was allotted and issued at par to Pacific Plus.
- (d) On 13 August 2007, we changed our name from Ming Fai Group Company Limited to Ming Fai International Holdings Limited.

*Incorporation and reorganisation of Ming Fai Holdings*

- (a) On 8 May 2007, Ming Fai Holdings Limited was incorporated in the BVI with limited liability with an authorised capital of US\$50,000 divided into 50,000 shares each with a par value of US\$1.00.
- (b) On 17 May 2007, one share was allotted and issued at par to each of Mr. Ching Chi Fai and Mr. Ching Chau Chung.
- (c) On 5 October 2007, our Company acquired the entire issued share capital of Ming Fai Holdings as to 46%, 46% and 8% from Mr. Ching Chi Fai, Mr. Ching Chau Chung and Mr. Ching Chi Keung respectively, in exchange, we allotted and issued 43,419,999, 40,419,999, 10,520,000 and 5,640,000 Shares to Prosper Well, Pacific Plus, Targetwise and Favour Power respectively, all credited as fully paid.

*Reorganisation of Ming Fai Asia Pacific*

- (a) On 8 June 2007, Ming Fai Asia Pacific changed its name from Ming Fai Group Holdings Limited to Ming Fai Asia Pacific Company Limited.
- (b) On 2 August 2007, Ming Fai Holdings acquired the entire issued share capital of Ming Fai Asia Pacific as to 50% from each of Mr. Ching Chi Fai and Mr. Ching Chau Chung, in exchange, Ming Fai Holdings allotted and issued 29 shares of US\$1.00 each to each of them, all credited as fully paid.

*Reorganisation of QAS Singapore*

- (a) On 18 July 2007, each of Mr. Liu Zigang and Ms. Tan Lian Khim transferred the legal ownership in one share in QAS Singapore to Ming Fai Asia Pacific.

*Reorganisation of QAS HK*

- (a) On 7 June 2007, Ming Fai Holdings acquired the entire issued share capital of QAS HK as to 50% from each of Felix Group and Well City, in exchange, Ming Fai Holdings allotted and issued one share of US\$1.00 each to each of Mr. Ching Chi Fai and Mr. Ching Chau Chung, all credited as fully paid.

*Reorganisation of Ming Fai Enterprise*

- (a) On 10 July 2007, Ming Fai Holdings acquired the entire issued share capital of Ming Fai Enterprise as to 1/3 from each of Mr. Ching Chi Fai, Mr. Ching Chau Chung and Mr. Ching Chi Keung, in exchange, Ming Fai Holdings allotted and issued four shares of US\$1.00 each to each of them, all credited as fully paid.

*Reorganisation of Ming Fai Plastic*

- (a) On 9 May 2007, Ming Fai Plastic changed its name from Ming Fai International Investments Holdings Limited to Ming Fai Plastic Enterprise Company Limited.
- (b) On 28 May 2007, Ming Fai Holdings acquired the entire issued share capital of Ming Fai Plastic as to 50% from each of Felix Group and Well City, in exchange, Ming Fai Holdings allotted and issued one share of US\$1.00 each to Mr. Ching Chi Fai and Mr. Ching Chau Chung, all credited as fully paid.

*Reorganisation of Ming Fai Shenzhen*

- (a) Pursuant to an agreement dated 7 June 2007, and in consideration of HK\$79 million, Ming Fai Plastic acquired the entire equity interest in Ming Fai Shenzhen from Ming Fai Plastic Industrial Co.
- (b) On 17 August 2007, 深圳市貿易工業局 (Trade and Industry Bureau of Shenzhen) approved the transfer referred to in paragraph (a) above.
- (c) Pursuant to a deed dated 4 September 2007, Ming Fai Holdings, Ming Fai Plastic and Ming Fai Plastic Industrial Co agreed to settle the consideration of HK\$79 million in paragraph (a) above by way of issue and allotment of four shares to each of Mr. Ching Chi Fai, Mr. Ching Chau Chung and Mr. Ching Chi Keung.

*Reorganisation of Pacific Harvest*

- (a) On 18 June 2007, Ming Fai Holdings acquired the entire issued share capital of Pacific Harvest as to 1%, 1% and 98% from Mr. Ching Chi Fai, Mr. Ching Chau Chung and Gembright Investments Limited. Gembright Investments Limited is owned as to 50% by each of Mr. Ching Chi Fai and Mr. Ching Chau Chung. In return, Ming Fai Holdings allotted and issued six shares of US\$1.00 each to each of Mr. Ching Chi Fai and Mr. Ching Chau Chung, all credited as fully paid.

**5. Changes in share capital of subsidiaries of our Company**

The following alterations in the share capital of the subsidiaries of our Company have taken place within the two years preceding the date of this prospectus:

*Ming Fai Holdings*

- (a) On 17 May 2007, one share of US\$1.00 each in Ming Fai Holdings was issued and allotted to each of Mr. Ching Chi Fai and Mr. Ching Chau Chung at par value.
- (b) On 28 May 2007, one share of US\$1.00 each in Ming Fai Holdings was issued and allotted to each of Mr. Ching Chi Fai and Mr. Ching Chau Chung in consideration of the acquisition of the entire issued share capital of Ming Fai Plastic.
- (c) On 7 June 2007, one share of US\$1.00 each in Ming Fai Holdings was issued and allotted to each of Mr. Ching Chi Fai and Mr. Ching Chau Chung in consideration of the acquisition of the entire issued share capital of QAS HK.
- (d) On 18 June 2007, six shares of US\$1.00 each in Ming Fai Holdings were issued and allotted to each of Mr. Ching Chi Fai and Mr. Ching Chau Chung in consideration of the acquisition of the entire issued share capital of Pacific Harvest.
- (e) On 10 July 2007, four shares of US\$1.00 each in Ming Fai Holdings were issued and allotted to each of Mr. Ching Chi Fai, Mr. Ching Chau Chung and Mr. Ching Chi Keung in consideration of the acquisition of the entire issued share capital of Ming Fai Enterprise.
- (f) On 2 August 2007, 29 shares of US\$1.00 each in Ming Fai Holdings were issued and allotted to each of Mr. Ching Chi Fai and Mr. Ching Chau Chung in consideration of the acquisition of the entire issued share capital of Ming Fai Asia Pacific.
- (g) On 4 September 2007, four shares of US\$1.00 each in Ming Fai Holdings were issued and allotted to each of Mr. Ching Chi Fai, Mr. Ching Chau Chung and Mr. Ching Chi Keung for settlement of HK\$79 million being the consideration of the acquisition of the entire equity interest of Ming Fai Shenzhen.
- (h) On 5 October 2007, our Company acquired the entire issued share capital of Ming Fai Holdings as to 46%, 46% and 8% from Mr. Ching Chi Fai, Mr. Ching Chau Chung and Mr. Ching Chi Keung respectively, in exchange, we allotted and issued 43,419,999 Shares, 40,419,999 Shares, 10,520,000 Shares and 5,640,000 Shares to Prosper Well, Pacific Plus, Targetwise and Favour Power respectively, all credited as fully paid.

*Ming Fai Asia Pacific*

- (a) On 2 August 2007, Ming Fai Holdings acquired the entire issued share capital of Ming Fai Asia Pacific from each of Mr. Ching Chi Fai and Mr. Ching Chau Chung, in exchange, Ming Fai Holdings allotted and issued 29 shares of US\$1.00 each to each of them, all credited as fully paid.

*QAS Singapore*

- (a) On 18 July 2007, each of Mr. Liu Zigang and Ms. Tan Lian Khim transferred the legal ownership in one share of QAS Singapore to Ming Fai Asia Pacific.

*QAS HK*

- (a) On 7 June 2007, Ming Fai Holdings acquired the entire issued share capital of QAS HK as to 50% from each of Felix Group and Well City, in exchange, Ming Fai Holdings allotted and issued one share of US\$1.00 each to each of Mr. Ching Chi Fai and Mr. Ching Chau Chung, all credited as fully paid.

*Ming Fai Enterprise*

- (a) On 10 July 2007, Ming Fai Holdings acquired the entire issued share capital of Ming Fai Enterprise as to 1/3 from each of Mr. Ching Chi Fai, Mr. Ching Chau Chung and Mr. Ching Chi Keung, in exchange, Ming Fai Holdings allotted and issued four shares of US\$1.00 each to each of them, all credited as fully paid.

*Ming Fai Plastic*

- (a) On 12 March 2007, 4,999 and 5,000 shares of HK\$1.00 each in Ming Fai Plastic were issued and allotted at par to Well City and Felix Group respectively.
- (b) On 13 March 2007, Bontrade Limited transferred one share of HK\$1.00 each in Ming Fai Plastic to Well City for a consideration of HK\$1.00.
- (c) On 28 May 2007, Ming Fai Holdings acquired the entire issued share capital of Ming Fai Plastic as to 50% from each of Felix Group and Well City, in exchange, Ming Fai Holdings allotted and issued one share of US\$1.00 each to each of Mr. Ching Chi Fai and Mr. Ching Chau Chung.

*Ming Fai Shenzhen*

- (a) Pursuant to an agreement dated 7 June 2007, Ming Fai Plastic acquired the entire equity interest in Ming Fai Shenzhen from Ming Fai Plastic Industrial Co for a consideration of HK\$79 million.

*Pacific Harvest*

- (a) On 23 May 2006, 4,899,999 shares, 50,000 shares and 50,000 shares of HK\$1.00 each in Pacific Harvest were issued and allotted at par to Gembright Investments Limited, Mr. Ching Chi Fai and Mr. Ching Chau Chung respectively.
- (b) On 23 May 2006, Gold Regal Development Limited transferred one share of HK\$1.00 each in Pacific Harvest to Gembright Investments Limited for a consideration of HK\$1.00.
- (c) On 18 June 2007, Ming Fai Holdings acquired the entire issued share capital of Pacific Harvest as to 98%, 1% and 1% from each of Gembright Investments Limited, Mr. Ching Chi Fai and Mr. Ching Chau Chung, in exchange, Ming Fai Holdings allotted and issued six shares of US\$1.00 each to each of Mr. Ching Chi Fai and Mr. Ching Chau Chung.

Save as aforesaid and in paragraph 4 of this Appendix, there has been no other alteration in the share capital of the subsidiaries of our Company in the two years preceding the date of this prospectus.

**6. Repurchase of our Company's own securities**

This section includes the information required by the Stock Exchange to be included in this prospectus concerning the repurchase of our Company's own securities.

*(a) Provisions of the Listing Rules*

The Listing Rules permit companies whose primary listings are on the Stock Exchange to repurchase their securities on the Stock Exchange subject to certain restrictions, the most important of which are summarised below:

*(i) Shareholders' approval*

All proposed repurchases of securities on the Stock Exchange by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of shareholders, either by way of general mandate or by specific approval of a particular transaction.

*(Note: Pursuant to a written resolution of the Shareholders passed on 5 October 2007, a general unconditional mandate was given to the Directors authorising them to repurchase on the Stock Exchange, or on any other stock exchange on which the securities of our Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, Shares with an aggregate nominal value not exceeding 10% of the aggregate nominal amount of the share capital of our Company in issue and to be issued pursuant to the Share Offer and the Capitalisation Issue, until the conclusion of the next annual general meeting of our Company, the expiration of the period within which the next annual general meeting of our Company is required by the Articles or any applicable law to be held, or the revocation, variation or renewal by an ordinary resolution of the Shareholders in a general meeting, whichever is the earliest.)*



(ii) Source of funds

Repurchases must be funded out of funds legally available for the purpose in accordance with the Articles and the laws of the Cayman Islands. A listed company may not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

(b) *Reasons for repurchases*

The Directors believe that it is in the best interests of our Company and the Shareholders for the Directors to have a general authority from the Shareholders to enable our Company to repurchase Shares in the market. Repurchases of Shares will only be made when the Directors believe that such repurchases will benefit our Company and the Shareholders. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net value of our Company and our assets and/or our earnings per Share.

(c) *Funding of repurchases*

In repurchasing securities, our Company may only apply funds legally available for such purpose in accordance with our Articles and the applicable laws of the Cayman Islands.

Our Company shall not purchase securities on the Stock Exchange for a consideration other than cash or for settlement otherwise in accordance with the trading rules of the Stock Exchange from time to time.

It is presently proposed that any repurchase of Shares would be made out of profits of our Company or out of a fresh issue of Shares made for the purpose of the repurchase or, subject to the Cayman Islands Companies Law, out of capital and, in the case of any premium payable on such repurchase, out of the profits of our Company or from sums standing to the credit of the share premium account of our Company or, subject to the Cayman Islands Companies Law, out of capital.

There might be material adverse impact on the working capital or gearing position of our Company in the event that the Repurchase Mandate is exercised in full. However, the Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of our Company or our gearing levels which, in the opinion of the Directors, are from time to time appropriate for our Company.

(d) *Share capital*

On the basis of 600,000,000 Shares in issue immediately after completion of the Share Offer and the Capitalisation Issue (taking no account of any Shares which may be issued upon the exercise of the Over-allotment Option or any Shares that may be granted under the Share Option Scheme), the Directors would be authorised under a

general mandate given to the Directors pursuant to a written resolution of the Shareholders passed on 5 October 2007 to repurchase up to 60,000,000 Shares during the period prior to:

- (i) the conclusion of the next general meeting of our Company;
- (ii) the expiration of the period within which the next annual general meeting of our Company is required by any applicable law or our Articles to be held; or
- (iii) the revocation, variation or renewal of the Repurchase Mandate by an ordinary resolution of the Shareholders in general meeting,

whichever occurs first.

*(e) General*

None of the Directors or, to their best knowledge, having made all reasonable enquiries, any of their respective associates (as defined in the Listing Rules), has any present intention to sell any Shares to our Company or our subsidiaries.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules and the applicable laws of the Cayman Islands.

No connected person has notified our Company that he or it has a present intention to sell Shares to our Company, or has undertaken not to do so, if the Repurchase Mandate is exercised.

If as a result of a securities repurchase pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of our Company increases, such increase will be treated as an acquisition for the purpose of the Takeovers Code. Accordingly, a Shareholder, or a group of Shareholders acting in concert, depending on the level of increase of the Shareholders' interest, could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code as a result of any such increase.

Any repurchase of the Shares which results in the number of Shares held by the public being reduced to less than the prescribed percentage of the Shares then in issue could only be implemented with the approval of the Stock Exchange to waive requirements of the Listing Rules regarding the minimum percentage of public shareholdings. However, the Directors do not propose to exercise the Repurchase Mandate to such an extent that, in the circumstances, there is insufficient public float as prescribed under the Listing Rules.

**FURTHER INFORMATION ABOUT OUR BUSINESS****1. Summary of material contracts**

The following material contracts (not being contracts in the ordinary course of business) have been entered into by members of our Group within the two years preceding the date of this prospectus:

- (a) an agreement dated 28 May 2007 in relation to sale and purchase of the entire issued share capital of Ming Fai Plastic between Well City, Felix Group and Ming Fai Holdings whereby Ming Fai Holdings allotted and issued one share of US\$1.00 each to each of Mr. Ching Chi Fai and Mr. Ching Chau Chung in consideration for the acquisition of the entire issued share capital of Ming Fai Plastic from Well City and Felix Group;
- (b) an agreement dated 7 June 2007 in relation to sale and purchase of the entire issued share capital of QAS HK between Well City, Felix Group and Ming Fai Holdings whereby Ming Fai Holdings allotted and issued one share of US\$1.00 each to each of Mr. Ching Chi Fai and Mr. Ching Chau Chung in consideration for the acquisition of the entire issued share capital of QAS HK from Well City and Felix Group;
- (c) an agreement dated 18 June 2007 in relation to sale and purchase of the entire issued share capital of Pacific Harvest between Mr. Ching Chi Fai, Mr. Ching Chau Chung, Gembright Investments Limited and Ming Fai Holdings whereby Ming Fai Holdings allotted and issued six shares of US\$1.00 each to each of Mr. Ching Chi Fai and Mr. Ching Chau Chung in consideration for the acquisition of the entire issued share capital of Pacific Harvest from Mr. Ching Chi Fai, Mr. Ching Chau Chung and Gembright Investments Limited;
- (d) an agreement dated 2 August 2007 in relation to sale and purchase of the entire issued share capital of Ming Fai Asia Pacific between Mr. Ching Chi Fai, Mr. Ching Chau Chung and Ming Fai Holdings whereby Ming Fai Holdings allotted and issued 29 shares of US\$1.00 each to each of Mr. Ching Chi Fai and Mr. Ching Chau Chung in consideration for the acquisition of the entire issued share capital of Ming Fai Asia Pacific from Mr. Ching Chi Fai and Mr. Ching Chau Chung;
- (e) an agreement dated 10 July 2007 in relation to sale and purchase of the entire issued share capital of Ming Fai Enterprise between Mr. Ching Chi Fai, Mr. Ching Chau Chung, Mr. Ching Chi Keung and Ming Fai Holdings whereby Ming Fai Holdings allotted and issued four shares of US\$1.00 each to each of Mr. Ching Chi Fai, Ching Chau Chung and Mr. Ching Chi Keung in consideration for the acquisition of the entire issued share capital of Ming Fai Enterprise from them;
- (f) a share transfer agreement dated 7 June 2007 between Ming Fai Plastic Industrial Co and Ming Fai Plastic whereby Ming Fai Plastic acquired the entire equity interest in Ming Fai Shenzhen in consideration of HK\$79 million;

- (g) a deed dated 4 September 2007 between Ming Fai Holdings, Ming Fai Plastic and Ming Fai Plastic Industrial Co in relation to the settlement of HK\$79 million being the consideration of the acquisition of the entire equity interest of Ming Fai Shenzhen by way of issue and allotment of four shares in Ming Fai Holdings to each of Mr. Ching Chi Fai, Mr. Ching Chau Chung and Mr. Ching Chi Keung;
- (h) an agreement for sale and purchase dated 25 May 2007 between Luck Gain Properties Limited and Ming Fai Asia Pacific whereby Ming Fai Asia Pacific purchased Units A, B, C, D, E & F of 3/F of Mai Kei Industrial Building, No. 5 San Hop Lane, Tuen Mun, New Territories from Luck Gain Properties Limited for a consideration of HK\$4,100,000.00;
- (i) an agreement for sale and purchase dated 25 May 2007 between Mr. Ching Chi Keung and Ming Fai Asia Pacific whereby Ming Fai Asia Pacific purchased Unit F on 6/F and parking space No. 22 on G/F of Mai Kei Industrial Building, No. 5 San Hop Lane, Tuen Mun, New Territories from Mr. Ching Chi Keung for a consideration of HK\$900,000;
- (j) an assignment dated 1 August 2007 between Luck Gain Properties Limited and Ming Fai Asia Pacific whereby Luck Gain Properties Limited assigned Units A, B, C, D, E & F on 3/F of Mai Kei Industrial Building, No. 5, San Hop Lane, Tuen Mun, New Territories to Ming Fai Asia Pacific in consideration of HK\$4,100,000 paid as referred to in paragraph (h) above;
- (k) an assignment dated 25 May 2007 between Mr. Ching Chi Keung and Ming Fai Asia Pacific whereby Mr. Ching Chi Keung assigned Unit F on 6/F and parking space No. 22 on G/F of Mai Kei Industrial Building, No. 5, San Hop Lane, Tuen Mun, New Territories to Ming Fai Asia Pacific in consideration of K\$900,000 paid as referred to in paragraph (i) above;
- (l) a land use rights transfer agreement dated 30 May 2006 between the Municipal Government of Shuangdong Town, Luoding City, Guangdong Province and Pacific Harvest whereby Pacific Harvest purchased the land use rights of a parcel of land located at Shuangdong Town, Luoding City, Guangdong Province, the PRC of not less than 150 Mu at a consideration of RMB64,826 per Mu within the red-line map (紅線圖) and RMB30,000 per Mu within the road blue-line map (公路藍線圖);
- (m) a share swap agreement dated 5 October 2007 between our Company, Mr. Ching Chi Fai, Mr. Ching Chau Chung and Mr. Ching Chi Keung in relation to transfer of the entire issued share capital of Ming Fai Holdings to our Company in exchange for 43,419,999 Shares, 40,419,999 Shares, 10,520,000 Shares and 5,640,000 Shares, all credited as fully paid, being allotted and issued to Prosper Well, Pacific Plus, Targetwise and Favour Power respectively;

- (n) a deed of indemnity dated 5 October 2007 executed by the Controlling Shareholders in favour of our Company (for our Company and as trustee for each of our present subsidiaries) containing the indemnities in respect of certain estate duty, tax and other liabilities as referred to in the section headed “Estate duty, tax and other indemnities” in this Appendix;
- (o) a deed of non-competition dated 8 October 2007 executed by Prosper Well, Pacific Plus, Targetwise, Favour Power, Mr. Ching Chi Fai, Mr. Ching Chau Chung, Mr. Ching Chi Keung, Mr. Lee King Hay, Ms. Chan Yim Ching, Mr. Liu Zigang, Ms. Chan Wing and Mr. Ng Bo Kwong in favour of our Company (for our Company and on behalf of our subsidiaries), details of which are set out in the sub-section headed “Non-competition undertakings” under the section headed “Relationship with the Controlling Shareholders” in this Prospectus;
- (p) the Public Offer Underwriting Agreement; and
- (q) a memorandum of agreement dated 21 September 2007 between Mr. Liu Zigang, Ms. Tan Lian Khim and Ming Fai Asia Pacific in relation to transfer of legal ownership in one share held by each of Mr. Liu Zigang and Ms. Tan Lian Khim in QAS Singapore to Ming Fai Asia Pacific.

## 2. Intellectual property rights

### (a) Patents

As at the Latest Practicable Date, our Group has registered the following utility model in the PRC:

Patent	Name of Proprietor	Application Date	Patent No.
Comb (梳子)	Ming Fai Shenzhen	25 June 2005	ZL 2005 2 0060667.7

As at the Latest Practicable Date, our Group has applied for registration of the following design patent in the PRC:

Patent	Name of Applicant	Application Date	Application No.
Design of Santa Barbara Polo	Ming Fai Shenzhen	25 May 2007	200730134175.2

*(b) Trademarks*

As at the Latest Practicable Date, our Group has registered the following trademarks in the PRC:

<b>Trademark</b>	<b>Name of Proprietor</b>	<b>Class</b>	<b>Registration Number</b>	<b>Effective Period</b>
Essence d'Orient	Ming Fai Shenzhen	16	1770837	21 May 2002 to 20 May 2012
Essence d'Orient	Ming Fai Shenzhen	16	3612994	14 Jul 2005 to 13 Jul 2015
Essence d'Orient	Ming Fai Shenzhen	3	3612995	21 Aug 2005 to 20 Aug 2015
D'Orient	Ming Fai Shenzhen	3	1805336	14 Jul 2002 to 13 Jul 2012
Rose magnifique	Ming Fai Shenzhen	3	1805261	14 Jul 2002 to 13 Jul 2012
Rose magnifique	Ming Fai Shenzhen	16	1790713	21 Jun 2002 to 20 Jun 2012
ER	Ming Fai Shenzhen	16	1182491	14 Jun 1998 to 13 Jun 2008
ER	Ming Fai Shenzhen	21	1176578	21 May 1998 to 20 May 2008
ER	Ming Fai Shenzhen	22	1178414	28 May 1998 to 27 May 2008
ER	Ming Fai Shenzhen	24	1182829	14 Jun 1998 to 13 Jun 2008
Natural Organic	Ming Fai Shenzhen	16	3490457	28 Jan 2005 to 27 Jan 2015
MINGFAI	Ming Fai Shenzhen	35	3351295	21 May 2004 to 20 May 2014
M	Ming Fai Shenzhen	35	3351310	21 May 2004 to 20 May 2014
Ever Rich	Ming Fai Shenzhen	16	1765879	14 May 2002 to 13 May 2012

As at the Latest Practicable Date, our Group has registered the following trademarks in Hong Kong:

<b>Trademark</b>	<b>Name of Proprietor</b>	<b>Class</b>	<b>Trademark Number</b>	<b>Effective Period</b>
Essence d'Orient	Ming Fai Asia Pacific	16	2001B07048	3 Aug 2000 to 3 Aug 2017
Essence d'Orient	Ming Fai Asia Pacific	3	2001B07049	3 Aug 2000 to 3 Aug 2017
Rose magnifique	Ming Fai Asia Pacific	3	2001B07051	7 Aug 2000 to 7 Aug 2017
Rose magnifique	Ming Fai Asia Pacific	16	200103672	7 Aug 2000 to 7 Aug 2017

Trademark	Name of Proprietor	Class	Trademark Number	Effective Period
M	Ming Fai Asia Pacific	35	200400026	26 Oct 2002 to 26 Oct 2009
M	Ming Fai Asia Pacific	40	200400027	26 Oct 2002 to 26 Oct 2009
Ever Rich	Ming Fai Asia Pacific	16	200107050	3 Aug 2000 to 3 Aug 2017
Boy and Girl	Ming Fai Asia Pacific	16	200107660	21 Dec 2000 to 21 Dec 2007
Boy and Girl	Ming Fai Asia Pacific	3	200206892	21 Dec 2000 to 21 Dec 2007
Nobility	Ming Fai Asia Pacific	3	300451610	5 Jul 2005 to 4 Jul 2015
MING FAI	Ming Fai Asia Pacific	35	200400028	26 Oct 2002 to 26 Oct 2009
MING FAI	Ming Fai Asia Pacific	40	200400029	26 Oct 2002 to 26 Oct 2009

As at the Latest Practicable Date, our Group has registered the following trademarks outside the PRC and Hong Kong:

Trademark	Name of Proprietor	Class	Registration Number	Place of Registration
Essence d'Orient	Ming Fai Enterprise	1, 4, 6, 50, 51 and 52	3078374	USA
Nobility	Ming Fai Enterprise	3	873712	UK
Nobility	Ming Fai Enterprise	3	3161458	USA

As at the Latest Practicable Date, our Group has applied for registration of the following trademarks in the PRC:

Trademark	Name of Proprietor	Class	Number	Application Date
MINGFAI	Ming Fai Shenzhen	3	4298117	8 Oct 2004
MINGFAI	Ming Fai Shenzhen	16	4298116	8 Oct 2004
MINGFAI	Ming Fai Shenzhen	18	4298115	8 Oct 2004
MINGFAI	Ming Fai Shenzhen	21	4297940	8 Oct 2004
MINGFAI	Ming Fai Shenzhen	24	4297941	8 Oct 2004
MINGFAI	Ming Fai Shenzhen	25	4297942	8 Oct 2004
MINGFAI	Ming Fai Shenzhen	36	4297943	8 Oct 2004
MINGFAI	Ming Fai Shenzhen	43	4297944	8 Oct 2004
依迪奧	Ming Fai Shenzhen	16	4190664	27 Jul 2004
依迪奧	Ming Fai Shenzhen	3	4190663	27 Jul 2004

*(c) Domain names*

As at the Latest Practicable Date, our Group has registered the following domain name:

<b>Domain name</b>	<b>Date of registration</b>
www.mingfaigroup.com	7 August 2002

*Note:* The contents in the above domains do not form part of this prospectus.

## **FURTHER INFORMATION ABOUT OUR DIRECTORS, SENIOR MANAGEMENT, STAFF, SUBSTANTIAL SHAREHOLDERS AND EXPERTS**

### **1. Interests and/or short positions of the directors and chief executive of our Company in the shares, underlying shares or debentures of our Company and our associated companies**

Immediately following completion of the Share Offer and the Capitalisation Issue (assuming that the Over-allotment Option is not exercised and that the options which may be granted under the Share Option Scheme are not exercised), the interests and/or short positions of the Directors and chief executive of our Company in the shares, underlying shares in respect of equity derivatives and debentures of our Company and our associated corporations (within the meaning of Part XV of the SFO), which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions which they are taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules to be notified to our Company and the Stock Exchange, once the Shares are listed (assuming that their interests will remain unchanged after the Latest Practicable Date), will be as follows:

*(a) Long positions in the Shares*

<b>Name of Director</b>	<b>Nature of Interests</b>	<b>Total Number of Shares</b>	<b>Approximate Percentage</b>
Ching Chi Fai	Corporate ( <i>Note 1</i> )	183,666,600	30.61%
Ching Chau Chung	Corporate ( <i>Note 2</i> )	170,976,600	28.50%
Ching Chi Keung	Corporate ( <i>Note 3</i> )	44,499,600	7.42%
Chan Yim Ching	Corporate ( <i>Note 3</i> )	44,499,600	7.42%
Liu Zigang	Corporate ( <i>Note 4</i> )	23,857,200	3.98%

*Notes:*

- These Shares will be owned by Prosper Well, which is wholly-owned by Mr. Ching Chi Fai.
- These Shares will be owned by Pacific Plus, which is wholly-owned by Mr. Ching Chau Chung.



3. These Shares will be owned by Targetwise, which is owned as to 50% and 50% by Mr. Ching Chi Keung and Ms. Chan Yim Ching respectively.
4. These Shares will be owned by Favour Power, which is wholly-owned by Mr. Liu Zigang.

## 2. Interests and/or short positions of substantial Shareholders in the shares or underlying shares of our Company

So far as the Directors are aware, immediately following completion of the Share Offer and the Capitalisation Issue (assuming that the Over-allotment Option is not exercised and assuming that the options which may be granted under the Share Option Scheme are not exercised), the following persons (other than the Directors or chief executive of our Company) will have an interest and/or short position in the shares or underlying shares in respect of equity derivatives of our Company that would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO (including interests and/or short positions which they are taken or deemed to have under such provisions of the SFO) or will be directly or indirectly interested in 10% or more of the voting power at general meetings of our Company once the Shares are listed:

### *Long positions in the Shares*

Name	Number of Shares	Approximate Percentage
Prosper Well	183,666,600	30.61%
Pacific Plus	170,976,600	28.50%
Targetwise	44,499,600	7.42%
Lo Kit Ling ( <i>Note 1</i> )	183,666,600	30.61%
Wong Sei Hang ( <i>Note 2</i> )	170,976,600	28.50%
Po Fung Kiu ( <i>Note 3</i> )	44,499,600	7.42%
Lee King Keung ( <i>Note 4</i> )	44,499,600	7.42%

### *Notes:*

1. As Prosper Well is wholly-owned by Mr. Ching Chi Fai, he is deemed to be interested in the Shares held by Prosper Well by virtue of Part XV of the SFO. Ms. Lo Kit Ling, being Mr. Ching Chi Fai's spouse, will be deemed to be interested in the Shares held by Prosper Well under Part XV of the SFO.
2. As Pacific Plus is wholly-owned by Mr. Ching Chau Chung, he is deemed to be interested in the Shares held by Pacific Plus by virtue of Part XV of the SFO. Ms. Wong Sei Hang, being Mr. Ching Chau Chung's spouse, will be deemed to be interested in the Shares held by Pacific Plus under Part XV of the SFO.
3. As Targetwise is owned as to 50% by Mr. Ching Chi Keung, he is deemed to be interested in the Shares held by Targetwise by virtue of Part XV of the SFO. Ms. Po Fung Kiu, being Mr. Ching Chi Keung's spouse, will be deemed to be interested in the Shares held by Targetwise under Part XV of the SFO.
4. As Targetwise is owned as to 50% by Ms. Chan Yim Ching, she is deemed to be interested in the Shares held by Targetwise by virtue of Part XV of the SFO. Mr. Lee King Keung, being Ms. Chan Yim Ching's spouse, will be deemed to be interested in the Shares held by Targetwise under Part XV of the SFO.

**3. Interests of the substantial shareholder of any other members of our Group**

So far as the Directors are aware, no person (other than the Directors or chief executive of the Company) is expected, directly or indirectly, to be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of our Group (other than our Company) upon the listing of the Shares on the Stock Exchange.

**4. Particulars of service agreements**

Each of Mr. Ching Chi Fai, Mr. Ching Chau Chung, Mr. Ching Chi Keung, Mr. Liu Zigang, Mr. Lee King Hay, Ms. Chan Yim Ching and Ms. Chan Wing has entered into a service agreement dated 21 September 2007 with our Company under which they agreed to act as executive Directors, for a period of three years commencing from the Listing Date unless terminated in accordance with the terms of the service contracts. Under the service agreements, the initial annual salary payable by our Company to Mr. Ching Chi Fai, Mr. Ching Chau Chung, Mr. Ching Chi Keung, Mr. Liu Zigang, Mr. Lee King Hay, Ms. Chan Yim Ching and Ms. Chan Wing are HK\$1,200,000, HK\$1,200,000, HK\$500,000, HK\$500,000, HK\$500,000, HK\$720,000 and HK\$720,000 respectively and may, subject to the discretion of the Board, be increased. Each of the executive Directors will also be entitled to a discretionary bonus as decided by the Board. The amount of the annual salary increment and the bonus payable under such service agreements is at the discretion of the Board, provided that the respective parties to such service agreements shall abstain from voting and not be counted in the quorum in respect of any such determination of the Board in relation to him.

Mr. Ng Bo Kwong has signed a letter of appointment dated 21 September 2007 with our Company under which he agreed to act as non-executive Director for a period of one year unless terminated in accordance with the terms of appointment letter. The initial annual director's fee for Mr. Ng is HK\$120,000.

Each of Mr. Ma Chun Fung Horace, Mr. Sun Kai Lit Cliff and Mr. Hung Kam Hung Allan has signed a letter of appointment dated 21 September 2007 with our Company under which they agreed to act as independent non-executive Directors for a period of one year unless terminated in accordance with the terms of the appointment letters. The initial annual director's fee for Mr. Ma, Mr. Sun and Mr. Hung are HK\$150,000, HK\$150,000 and HK\$150,000 respectively.

Save as aforesaid, there is no existing or proposed service contracts (excluding contracts expiring or determinable by such member of our Group within one year without payment of compensation other than statutory compensation) between the Directors and any member of our Group.

**5. Directors' remuneration**

The aggregate amount of salaries, allowances and benefits in kind paid by our Group to the Directors for the year ended 31 December 2006 was approximately HK\$5,263,000. It is expected that an aggregate amount of approximately HK\$5,462,800 will be paid to the

Directors as remuneration by our Group in respect of the year ending 31 December 2007 according to the present arrangements, excluding the discretionary salary increment and bonus.

None of the Directors or any past directors of any member of our Group has been paid any sum of money for each of the three years ended 31 December 2006 whether (a) as an inducement to join or upon joining our Company; or (b) for loss of office as a director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group.

There has been no arrangement under which a Director has waived or agreed to waive any emoluments for each of the three years ended 31 December 2006.

#### **6. Personal guarantees**

Mr. Ching Chi Fai and Mr. Ching Chau Chung, both are executive Directors, have provided personal guarantees in favour of a bank in connection with certain bank loans granted to our Group. The aforesaid personal guarantees provided are expected to be released and replaced by the Company's corporate guarantee upon Listing.

#### **7. Related party transactions**

During the three financial years preceding the date of this prospectus, our Group had engaged in the related party transactions as mentioned in the paragraph headed the "Significant related party transactions" set out in note 32 of the accountants' report set out in Appendix I to this prospectus.

#### **8. Others**

- (a) Save as disclosed in this prospectus and in the section headed "Summary of material contracts" in this Appendix, none of the Directors or the experts named in the section headed "Consents of experts" in this Appendix has any direct or indirect interest in the promotion of our Company or in any assets acquired or disposed of by or leased to any member of our Group or is proposed to be acquired or disposed of by or leased to any member of our Group within the two years immediately preceding the date of this prospectus.
- (b) Save as disclosed in this prospectus and in the section headed "Summary of material contracts" in this Appendix, none of the Directors or the experts named in the section headed "Consents of experts" in this Appendix is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group taken as a whole.
- (c) Saved as disclosed in this prospectus and in the section headed "Summary of material contracts" in this Appendix, none of the experts named in the section headed "Consents of experts" in this Appendix has any shareholding in any member of our Group or the right (whether legally enforceable or not) to

subscribe for or nominate persons to subscribe for any securities in any member of our Group or is an officer or employee or a servant or partner or director of any member of our Group.

- (d) Save as disclosed in this prospectus, taking no account of any Shares which may be taken up under the Share Offer, none of the Directors or chief executive of our Company has interests and/or short positions in the shares, underlying shares in respect of equity derivatives or debentures of our Company and our associated corporations (within the meaning of Part XV of the SFO), which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions which they are taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules to be notified to our Company and the Stock Exchange, once the Shares are listed.
- (e) Save as disclosed in this prospectus, taking no account of any Shares which may be taken up under the Share Offer, so far as the Directors are aware, there is no person (other than the Directors or chief executive of our Company) who will have any interest and/or short positions in the shares or underlying shares in respect of equity derivatives of our Company that would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO (including interests and/or short positions which they are taken or deemed to have under such provisions of the SFO) or who will be directly or indirectly, interested in 10% or more of the voting power at general meetings of our Company.

## SHARE OPTION SCHEME

## (a) Definitions

For the purpose of this section, the following expressions have the meanings set out below unless the context requires otherwise:

“Adoption Date”	means the date on which the Share Option Scheme becomes unconditional
“Eligible Person”	means any employee (whether full time or part time including any director) of any member of our Group
“Exercise Price”	has the meaning ascribed to it in paragraph (i) below
“Listing Date”	means the date on which the Shares commence trading on the Stock Exchange
“Participant Limit”	has the meaning ascribed to it in paragraph (vii) below
“Scheme Limit”	has the meaning ascribed to it in paragraph (vi) below
“Scheme Period”	means the period commencing on the Adoption Date and expiring at the close of business on the day immediately preceding the tenth anniversary thereof
“Subscription Price”	means, in relation to an option, an amount equal to the Exercise Price multiplied by the relevant number of Shares in respect of which an option is exercised
“trading day”	means a day on which the Stock Exchange is open for business of dealing in securities

**(b) Summary of terms**

The following is a summary of the principal terms of the rules of the Share Option Scheme:

*(i) Purpose of the Share Option Scheme*

The purpose of the Share Option Scheme is to enable the Board to grant options to selected Eligible Persons as incentives or rewards for their contribution or potential contribution to our Group.

The terms of the Share Option Scheme provide that in granting options under the Share Option Scheme, the Board is entitled to determine whether there is any minimum holding period, and whether there is any performance target which must be achieved, before an option granted under the Share Option Scheme is exercised. The board is also entitled to determine the option price per Share payable on the exercise of an option (the “Exercise Price”) according to the terms of the Share Option Scheme. Such terms, together with the incentive that the option will bring about, the Board believes, will serve the purpose of the Share Option Scheme.

*(ii) Conditions*

The Scheme is conditional on, among others, the commencement of trading of the Shares on the Stock Exchange.

*(iii) Who may join and basis of eligibility*

The Board may, at its absolute discretion and on such terms as it may think fit, grant options to any Eligible Person to subscribe at the Exercise Price for such number of Shares as it may determine in accordance with the terms of the Share Option Scheme.

The basis of eligibility of any of the Eligible Persons to the grant of options shall be determined by the Board from time to time on the basis of his contribution or potential contribution to the development and growth of our Group.

*(iv) Price for subscription of Shares*

The Exercise Price is to be determined by the Board provided always that it shall be at least the higher of:

- (aa) the closing price of the Shares as stated in the daily quotations sheet issued by the Stock Exchange on the date of offer for the grant of the option (which is deemed to be the date of grant if the offer for the grant of the option is accepted by the Eligible Person), which must be a trading day; and

- (bb) the average closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant, provided that the Exercise Price shall in no event be less than the nominal amount of one Share.

(v) *Grant of options and acceptance of offers*

A grant of options shall not be made after a price sensitive event has occurred or a price sensitive matter has been the subject of a decision until such price sensitive information has been published in accordance with the Listing Rules by our Company. In particular, during the period commencing one month immediately preceding the earlier of:

- (aa) the date of the Board meeting (as such date is first notified to the Exchange in accordance with the Listing Rules) for the approval of our Company's results for any year, half-year or quarterly or any other interim period (whether or not required by the Listing Rules); and
- (bb) the deadline of our Company to publish its results announcement for any year, half-year or quarterly or any other interim period (whether or not required by the Listing Rules);

and ending on the date of the results announcements, no option may be granted.

An offer for the grant of options must be accepted within twenty one days inclusive of the day on which such offer was made. The amount payable to our Company on acceptance of the offer for the grant of an option is HK\$1.00.

(vi) *Maximum number of Shares*

- (aa) Subject to sub-paragraph (bb) and (dd) below, the maximum number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of our Company (excluding, for this purpose, options which have lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of our Company) must not in aggregate exceed 10% of the Shares in issue on the Listing Date, i.e., 60,000,000 Shares (the "Scheme Limit").

Options lapsed in accordance with the Share Option Scheme will not be counted for the purpose of the Scheme Limit.

- (bb) The Scheme Limit may be refreshed at any time by obtaining approval of the Shareholders in general meeting provided that the refreshed limit must not exceed 10% of the Shares in issue at the date of the Shareholders' approval of such limit. Options previously granted under the Share Option Scheme or any other share option schemes of our Company (including those outstanding, cancelled or lapsed in accordance with the terms of the Share

Option Scheme or any other share option schemes of our Company or those exercised) will not be counted for the purpose of calculating the refreshed limit.

- (cc) Our Company may also, by obtaining separate approval of the Shareholders in general meeting, grant options beyond the Scheme Limit provided the options in excess of the Scheme Limit are granted only to Eligible Persons specifically identified by our Company before such approval is sought. Our Company shall send a circular to the Shareholders which contains the information required by the Listing Rules.
- (dd) The aggregate number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of our Company must not exceed 30% of the Shares in issue from time to time.

*(vii) Maximum entitlement of each Eligible Person*

The maximum number of Shares issued and to be issued upon exercise of options granted and to be granted under the Share Option Scheme and any other share option schemes of our Company to any Eligible Person (including cancelled, exercised and outstanding options), in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue from time to time (the "Participant Limit"). Any further grant of options in excess of such limit must be separately approved by Shareholders with such Eligible Person and his associates abstaining from voting. Our Company shall send a circular to the Shareholders which contains the information required by the Listing Rules.

*(viii) Grant of options to certain connected persons*

- (aa) Any grant of an option to a Director, chief executive or substantial shareholder (excluding the proposed director or chief executive) of our Company or any of their respective associates must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the offeree of the option).
- (bb) Where any grant of options to a substantial shareholder of our Company or an independent non-executive Director (or any of their respective associates) would result in the total number of Shares issued and to be issued upon exercise of options already granted and to be granted to such person under the Share Option Scheme and any other share option schemes of our Company (including options exercised, cancelled and outstanding) in any 12-month period up to and including the date of grant:
  - (i) representing in aggregate over 0.1% of the Shares in issue from time to time; and



- (ii) having an aggregate value, based on the closing price of the Shares on each date of grant, in excess of HK\$5 million,

such further grant of options is required to be approved by Shareholders in general meeting.

Our Company must send a circular, containing such information as required under the Listing Rules, to the Shareholders for seeking approval on the matter referred to in the sub-paragraph (bb) above. All connected persons of our Company must abstain from voting in favour at such general meeting. Any vote taken at such general meeting to approve the grant of such options must be taken on a poll.

*(ix) Exercise of option*

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as the Board may determine but in any event shall not exceed 10 years from the date of grant.

Save as determined by the Board and provided in the offer of the grant of the relevant options, there is no minimum holding period before an option is exercisable.

*(x) Performance targets*

Save as determined by the Board and provided in the offer of the grant of the relevant options, there is no performance target which must be achieved before any of the options can be exercised.

*(xi) Ranking of Shares*

Shares allotted upon the exercise of an outstanding option will be subject to all the provisions of the Memorandum and the Articles for the time being in force and will rank *pari passu* in all respects with the fully paid Shares in issue on the date of allotment and issue. Shares allotted upon the exercise of an option for the time being outstanding shall not carry voting rights until completion of the registration of the option holder (or any other person) as the holder thereof.

*(xii) Rights are personal to grantee*

An option shall not be transferable or assignable and shall be personal to the grantee of the option.

*(xiii) Rights for grantees ceasing to be an Eligible Person*

If a grantee of an option who at the time of grant of an option to him qualified as an Eligible Person ceases to be an Eligible Person:

- (aa) by reason of serious illness or death or of retirement in accordance with his contract of employment or service, then he or (as the case may be) his personal representative(s) may exercise his outstanding option within 12 months of such cessation or, such period extended by the Board failing which the option will lapse; or
- (bb) by reason of matters other than those specified in paragraph (aa) above, then he may exercise his outstanding options within three months after he so ceases.

*(xiv) Rights on a general offer*

If a general offer is made to all the Shareholders (other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror), an option holder shall be entitled to exercise at any time within a period of 14 days after our Company has notified of the general offer any option in whole or in part to the extent not already exercised. An option not exercised shall lapse upon the expiry of such period.

*(xv) Rights on winding-up*

If notice is given by our Company to Shareholders of a general meeting at which a resolution will be proposed for the voluntary winding-up of our Company, our Company shall forthwith give notice to all options holders and each option holder shall be entitled, at any time no later than two business days prior to the proposed general meeting of our Company, to exercise any of his outstanding options in whole or in part. An option not exercised shall lapse and determine on the commencement of the winding-up.

*(xvi) Rights on compromise or arrangement*

In the event of a compromise or arrangement between our Company and Shareholders or our Company's creditors being proposed in connection with a scheme for the reconstruction or amalgamation of our Company, notice of the relevant meeting shall be given to the options holders on the same day notice is given to the Shareholders and our Company's creditors, and thereupon each option holder shall be entitled, at any time not later than two business days prior to the proposed meeting, to exercise any of his outstanding options in whole or in part. An option not exercised shall lapse upon such compromise or arrangement becoming effective.

*(xvii) Lapse of options*

An option shall lapse automatically on the earliest of:

- (aa) the expiry of the period referred to in paragraph (ix) above;
- (bb) the expiry of the relevant period referred to in paragraph (xiii) above;
- (cc) the expiry of any of the relevant periods referred to in paragraph (xiv), (xv) or (xvi) above;
- (dd) the commencement of the winding-up of our Company;
- (ee) the date on which an option holder ceases to be an Eligible Person by reason of the termination of his contract of employment or service on any one or more grounds that he has been guilty of misconduct, or has committed an act of bankruptcy or has become insolvent or has made any arrangement or composition with his creditors generally, or has been convicted of any criminal offence involving his integrity or honesty; and
- (ff) the Board cancels the option because the option holder commits a breach of paragraph (xii) above.

*(xviii) Cancellation of options granted but not yet exercised*

Where our Company cancels any options granted but not exercised and issues new ones to the same option holder, such options may only be granted under the Share Option Scheme with available unissued options (excluding the cancelled options) within the limit referred to in paragraph (vi).

*(xix) Effects of alterations to capital*

In the event of any alteration in the capital structure of the Company, whether by way of capitalisation issue, rights issue, sub-division or consolidation of Shares or reduction of capital of our Company, such corresponding adjustments (if any) shall be made in the number or nominal amount of Shares comprised in each option for the time being outstanding, the Exercise Price, the Scheme Limit and/or the Participant Limit as the auditors of our Company or the independent financial adviser to our Company shall certify in writing to the Board to be in their opinion fair and reasonable, provided that:

- (aa) the aggregate Subscription Price payable by an option holder on the full exercise of any option shall remain as nearly as possible the same (but shall not be greater than) as it was before such adjustment;
- (bb) no alteration shall be made the effect of which would be to enable a Share to be issued at less than its nominal value;

- (cc) no adjustment will be required in circumstances when there is an issue of Shares as consideration in a transaction; and
- (dd) any adjustment shall be made in accordance with the provisions of Chapter 17 of the Listing Rules and supplementary guidance on the interpretation of the Listing Rules issued by the Stock Exchange from time to time (including supplemental guidance attached to the letter from the Stock Exchange dated 5 September 2005 to all issuers relating to share option schemes).

*(xx) Period of the Share Option Scheme*

The Share Option Scheme will remain in force for a period of 10 years commencing on the Adoption Date unless terminated earlier by Shareholders in general meeting.

*(xxi) Alteration to the Share Option Scheme*

- (aa) The terms and conditions of the Share Option Scheme relating to the definition of “Eligible Person” or the Scheme Period or matters governed by Rule 17.03 of the Listing Rules shall not be altered to the advantage of participants except with the prior approval of the Shareholders in general meeting.
- (bb) Any amendment to any terms of the Share Option Scheme which are of a material nature or any change to the options granted to the advantage of an option holder must be approved by Shareholders in general meeting except where the alterations take effect automatically under the existing terms of the Share Option Scheme.
- (cc) Any change to the authority of the Board in relation to any alteration to the terms of the Share Option Scheme must be approved by Shareholders in general meeting.
- (dd) Any amendment to any terms of the Share Option Scheme or the options granted shall comply with the relevant requirements of Chapter 17 of the Listing Rules.

*(xxii) Termination to the Share Option Scheme*

Our Company may, with the approval in general meeting of the Shareholders, terminate the Share Option Scheme at any time following which no further grant of options shall be offered but in all other respects the rules of the Share Option Scheme shall continue in full force and effect. Any options granted and accepted prior to such termination, shall continue to be valid and exercisable in accordance with the rules of the Share Option Scheme.

**(c) Present status of the Share Option Scheme**

Application has been made to the Listing Committee for the listing of and permission to deal in 60,000,000 Shares which may fall to be issued pursuant to the exercise of the options granted under the Share Option Scheme.

As at the date of this prospectus, no option has been granted or agreed to be granted under the Share Option Scheme.

**(d) Value of Options**

The Directors consider it inappropriate to value the Options that can be granted under the Share Option Scheme on the assumption that they had been granted at the Latest Practicable Date, as various determining factors for the calculation of such value cannot be reasonably fixed at this stage. It would not be meaningful and to a certain extent would be misleading to the Shareholders if the value of the Options is calculated based on a set of speculative assumptions. However, the information on value of the Options granted in any financial period will be provided to the Shareholders based on Black-Scholes option pricing model, the binomial model or a comparable generally accepted methodology as at the end of relevant financial period for any annual or interim reports of the Company.

**OTHER INFORMATION****1. Estate duty, tax and other indemnities**

The Controlling Shareholders (the “Indemnifiers”) have entered into a deed of indemnity with and in favour of our Company (for ourselves and as trustee for each of our present subsidiaries) (being a material contract referred to in item (n) of the paragraph headed “Summary of material contracts” of this Appendix) to provide indemnities in respect of, among other matters, any liability for Hong Kong estate duty which might be incurred by any member of our Group by reason of any transfer of property (within the meaning of section 35 of the Estate Duty Ordinance (Chapter 111 of the Laws of Hong Kong)) to any member of our Group on or before the date on which the Share Offer becomes unconditional. The Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of our subsidiaries in the Cayman Islands.

Under the deed of indemnity, the Indemnifiers have also given indemnities to our Group in relation to taxation (including all costs, charges, interest, fines, penalties and expenses incidental or relating thereto) which might be payable by any member of our Group in respect of any income, profits or gains earned, accrued or received on or before the date on which the Share Offer becomes unconditional (the “Effective Date”).

The deed of indemnity does not cover any claim and the Indemnifiers shall be under no liability under the deed in respect of any taxation:

- (a) to the extent that provision, reserve or allowance has been made for such taxation in the audited combined accounts of our Group or the audited accounts of any members of our Group for each of the three years ended 31 December 2006 and for the six months ended 30 June 2007 (the “Accounts”); or
- (b) to the extent that provision, reserve or allowance will be made in the audited combined accounts of our Group or the audited accounts of any members of our Group covering the period from 1 January 2007 to the Effective Date on a basis consistent with that made in the Accounts; or
- (c) relating to any incomes, profits or gains earned, accrued or received by any members of our Group or any event occurred in the ordinary course of business after 30 June 2007; or
- (d) to the extent that such taxation or liability falling on any of the members of our Group would not have arisen but for any act or omission of, or transaction voluntarily effected by, any of such members (whether alone or in conjunction with such other act, omission or transaction) without the prior written consent or agreement of the Indemnifiers, otherwise than carried out or effected in the ordinary and usual course of business after 30 June 2007; or
- (e) to the extent that such claim arises or is incurred as a result of the imposition of taxation as a consequence of any retrospective change in the law or the interpretation or practice thereof by the Inland Revenue Department of Hong Kong, or any other relevant authority coming into force after the date of the deed of indemnity or to the extent such claim arises or is increased by an increase in rates of taxation after the date of the deed of indemnity with retrospective effect; or
- (f) to the extent that any provision or reserve made for taxation in the Accounts which is finally established to be an over-provision or an excessive reserve in which case the Indemnifiers’ liability (if any) in respect of such taxation shall be reduced by an amount not exceeding such provision or reserve; or
- (g) to the extent that such taxation arises as a result of any members of our Group being in breach of any provision of the deed of indemnity.

Under the deed of indemnity, the Indemnifiers have also undertaken to indemnify our Group against (a) the costs, expenses, losses and damages for our Group to relocate from the relevant building structures, namely, office building, paper warehouse and dangerous goods warehouse, all being erected on Pinghu Land I, details of which are set out in the section headed “Business – Properties” in this prospectus; (b) the costs, expenses, losses and damages for our Group to relocate from the relevant building structures, namely, big warehouse, dormitory for Hong Kong staff, store, canteen and kitchen and bathroom, all being erected on Pinghu Land II, the net book value of such building structures as at the date of eviction that needs to be written off should Ming Fai Shenzhen be forced to evict from them until the title defect is rectified and the fine imposed on Ming Fai Shenzhen, details of which are set out in the section headed “Business – Properties” in this prospectus;

(c) the costs, expenses, losses and damages for our Group to relocate from Pinghu Existing Workshop, details of which are set out in the section headed “Business – Properties” in this prospectus; (d) the costs, expenses, losses and damages incurred by our Group resulting from non-registration of lease agreements, details of which are set out in the section headed “Business – Properties” in this prospectus; and (e) the penalties, losses and damages incurred by our Group due to accidents from the defects of the building structures without real estate certificates, detail of which are set out in the section headed “Business – Properties” in this prospectus; (f) the costs, liabilities or damages suffered in connection with any violation or non-compliance by any member of our Group with any applicable national and local labour laws, regulations or rules in the PRC in relation to social insurances and housing provident fund occurring on or before the Effective Date, details of which are set out in the sections headed “Directors, Senior Management and Employees – Employees – Social Welfare” in this prospectus, to the extent that provision, reserve or allowance has not been made for such costs, liabilities or damages in the Accounts; (g) the costs, liabilities or damages suffered by any member of our Group in connection with products containing poisonous and problematic ingredients sold by any member of our Group before Listing (including in connection with supply of toothpastes containing diethylene glycol to the United States, details of which are set out in the section headed “Business – Toothpaste DEG Issues” in this prospectus), to the extent the provision reserve or allowance has not been made for such costs, liabilities or damages in the Accounts; and (h) the costs, liabilities or damages suffered in relation to any violation or non-compliance by any member of our Group with any applicable Singaporean laws or regulations, details of which are set out in the section headed “Business – Singapore Legal Issues” in this prospectus, to the extent that provision, reserve or allowance has not been made for such costs, liabilities or damages in the Accounts.

## **2. Litigation**

Save as disclosed in the section headed “Business – Litigation” in this prospectus, as at the Latest Practicable Date, no member of our Group was engaged in any litigation or arbitration of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened by or against any member of our Group.

## **3. Sponsor**

The Sponsor has made an application on behalf of our Company to the Listing Committee of the Stock Exchange for the listing of and permission to deal in the Shares in issue and to be issued as mentioned herein, including any Shares that may be issued under the Over-allotment Option and such number of Shares falling to be issued pursuant to the exercise of options which may be granted under the Share Option Scheme.

## **4. Preliminary expenses**

The preliminary expenses of our Company are approximately HK\$500,000 and have been paid or payable by us.

**5. Promoter**

There is no promoter of our Company.

**6. Qualifications of experts**

The following are the qualifications of the experts who have given opinion or advice which are contained in this prospectus:

<b>Name</b>	<b>Qualification</b>
DBS Asia Capital Limited	A licensed corporation under the SFO to engage in types 1, 4 and 6 of the regulated activities (as defined under the SFO)
PricewaterhouseCoopers	Certified Public Accountants
Vigers Appraisal and Consulting Limited	Property Valuers
Zhong Lun Law Firm	Legal advisers on the PRC law
Maples and Calder	Legal advisers on Cayman Islands law
Dorsey & Whitney	Legal advisers on US law
Olsson Frank Weeda Terman Bode Matz PC	Legal advisers on US law
Nabarro	Legal advisers on EU law
KhattarWong	Legal advisers on Singapore law
Ho & Ho	Legal advisers on Malaysia law

**7. Consents of experts**

Each of the Sponsor, PricewaterhouseCoopers, Vigers Appraisal and Consulting Limited, Zhong Lun Law Firm, Maples and Calder, Dorsey & Whitney, Olsson Frank Weeda Terman Bode Matz PC, Nabarro, KhattarWong and Ho & Ho has given and has not withdrawn its written consent to the issue of this prospectus with the inclusion of its report and/or letter and/or valuation certificate and/or references to its name included herein in the form and context in which they are respectively included.

**8. Binding effect**

This prospectus shall have effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies Ordinance so far as applicable.



**9. Particulars of the Selling Shareholders**

The particulars of each of the Selling Shareholders are set out below:

Name: Pacific Plus Limited  
Place of Incorporation: BVI  
Date of Incorporation: 29 March 2007  
Registered office: Palm Grove House, P.O. Box 438, Road Town,  
Tortola, British Virgin Islands  
Sale Shares: 10,913,400 Shares

Name: Prosper Well International Limited  
Place of Incorporation: BVI  
Date of Incorporation: 2 April 2007  
Registered office: P.O. Box 957, Offshore Incorporations Centre,  
Road Town, Tortola, British Virgin Islands  
Sale Shares: 11,723,400 Shares

Name: Targetwise Trading Limited  
Place of Incorporation: BVI  
Date of Incorporation: 15 March 2007  
Registered office: P.O. Box 957, Offshore Incorporations Centre,  
Road Town, Tortola, British Virgin Islands  
Sale Shares: 2,840,400 Shares

Name: Favour Power Limited  
Place of Incorporation: BVI  
Date of Incorporation: 29 March 2007  
Registered office: Palm Grove House, P.O. Box 438, Road Town,  
Tortola, British Virgin Islands  
Sale Shares: 1,522,800 Shares

As at the Latest Practicable Date, Pacific Plus is wholly-owned by Mr. Ching Chau Chung, an executive Director.

As at the Latest Practicable Date, Prosper Well is wholly-owned by Mr. Ching Chi Fai, an executive Director.

As at the Latest Practicable Date, Targetwise is owned as to 50% and 50% by Mr. Ching Chi Keung and Ms. Chan Yim Ching respectively, both are executive Directors.

As at the Latest Practicable Date, Favour Power is wholly-owned by Mr. Liu Zigang, an executive Director.

Save as disclosed herein, none of the Directors is interested in the Sale Shares.

**10. Miscellaneous**

Save as disclosed in this prospectus:

- (a) within the two years immediately preceding the date of this prospectus:
  - (i) no share or loan capital of our Company or any of our subsidiaries has been issued or agreed to be issued or is proposed to be fully or partly paid either for cash or for a consideration other than cash;
  - (ii) no commission has been paid or payable (except the commission payable to sub-underwriters) for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription for any shares in or debentures of our Company or any of our subsidiaries;
  - (iii) no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries;
- (b) no share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;
- (c) no founder, management or deferred shares or any debentures in our Company or any of our subsidiaries have been issued or agreed to be issued;
- (d) all necessary arrangements have been made to enable our Shares to be admitted into CCASS;
- (e) there has been no material adverse change in our financial position or prospects since 30 June 2007 (being the date to which the latest audited combined financial statements of our Group were made up); and
- (f) the English text of this prospectus shall prevail over the Chinese text.

**11. Bilingual Prospectus**

The English language and Chinese language versions of this prospectus are being published separately in reliance upon the exemption provided by section 4 of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).